

Message Text

LIMITED OFFICIAL USE

PAGE 01 SAN JO 00171 122148Z

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /081 W
-----122353Z 022376 /64

R 122122Z JAN 77

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 6162

LIMITED OFFICIAL USE SAN JOSE 0171

E.O. 11652: N/A

TAGS: EPAP, ETRD, CS

SUBJECT: MUSHROOM QUOTAS

REF: 76 STATE 310542

1. THE GOVERNMENT OF COSTA RICA HAS PRESENTED A NOTE TO THE EMBASSY EXPRESSING PROFOUND CONCERN OVER THE POSSIBLE ESTABLISHMENT OF RESTRICTIVE QUOTAS ON MUSHROOMS AND ASKING THAT IS CONCERN BE CONEYED TO THE DEPARTMENT OF STATE.

2. THE COSTA RICAN NOTE, WHICH WAS DATED JANUARY 6 AND WAS RECEIVED JANUARY 10, STATES THAT DEVELOPMENT OF THE MUSHROOM INDUSTRY IS AN ATTEMPT TO DIVERSIFY THE COSTA RICAN ECONOMY AND THAT THIS EFFORT IS DEPENDENT UPON THE U.S. MARKET BECAUSE AGRICULTURAL PRODUCTS FROM COUNTRIES LIKE COSTA RICA ARE LARGELY EXCLUDED FROM THE EUROPEAN MARKET BY THE LOME CONVENTION. THE NOTE STATES THAT COSTA RICA'S PROJECTED EXPORTS OF MUSHROOMS ARE 1.9 MILLION POUNDS FOR 1977, 2.2 MILLION POUNDS FOR 1978, 2.8 MILLION POUNDS FOR 1979, 3.9 MILLION POUNDS FOR 1980 AND 5 MILLION POUNDS FOR 1981. THE NOTE OBSERVES THAT THE PROJECTED EXPORTS FOR 1977 WOULD AMOUNT TO ONLY 5/10 OF ONE PER CENT OF THE APPARENT MARKET OF

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SAN JO 00171 122148Z

THE U.S.

3. AS THE DEPARTMENT MAY RECALL, THE AMERICAN MUSHROOM COMPANY OF COSTA RICA WENT INTO RECEIVERSHIP IN 1976, AND LOCAL INTERESTS ARE ATTEMPTING TO RESTRUCTURE THE COMPANY FINANCIALLY AND PUT IT ON A FIRM AND EFFICIENT OPERATING BASIS WITH TECHNICAL ASSISTANCE WHICH HAS BEEN OFFERED BY THE GREEN GIANTCOMPANY.

THE CENTRAL AMERICAN BANK FOR INTEGRATION (CABEI), WHICH IS FUNDED BY AID, HAD PROVIDED A MILLION DOLLAR LOAN TO THE AMERICAN MUSHROOM COMPANY. CABEI REPRESENTATIVE, ALEJO AGUILAR, TOLD THE AMBASSADOR THAT IN ORDER TO PREVENT LOSS OF ITS MILLION DOLLARS, CABEI IS PREPARED TO PROVIDE AN ADDITIONAL MILLION DOLLARS IN NEW FINANCING TO THE LOCAL INVESTORS WHO ARE ATTEMPTING TO RESCUE THE COMPANY. AGUILAR SAID THAT HE FEARS THAT CABEI'S ORIGINAL INVESTMENT WILL BE LOST IF THE U.S. IMPOSES A QUOTA AS SMALL AS 500,000 POUNDS ON COSTA RICAN EXPORTS TO THE U.S.

4. THE EMBASSY HAS ALSO DISCUSSED THE STATUS OF THE MUSHROOM PROJECT WITH THE LOCAL INVESTOR GROUP. THEY STATE THAT THEY HAVE BEEN OFFERED AND ARE ON THE POINT OF SIGNING A \$1.754 MILLION LOAN PROVIDED BY CABEI AND A LOCAL STATE-OWNED COMMERCIAL BANK, THE BANCO NACIONAL. UNFORTUNATELY, THE PROPOSED U.S. QUOTA THREATENS THE VIABILITY OF THEIR PROJECT. THEY HAD THOUGHT THAT THIS WOULD BE ABLE TO OBTAIN FROM GREEN GIANT NOT ONLY TECHNICAL ASSISTANCE BUT ALSO A COMMITMENT TO BUY THE ENTIRE OUTPUT OF THE MUSHROOM PROJECT. IT NOW APPEARS THAT GREEN GIANT WOULD ONLY BE WILLING TO PURCHASE AT A VIABLE PRICE THE MUSHROOMS THAT COULD BE SOLD IN THE U.S. MARKET, AND THE ADDITIONAL CANNED MUSHROOM PRODUCTION WOULD HAVE TO BE SOLD TO THEM AT A SUBSTANTIALLY LOWER PRICE. THE INVESTORS ARE STILL ENGAGED IN ACTIVE DISCUSSIONS WITH GREEN GIANT, AND HOPE TO INDUCE THE COMPANY TO BUY THE SURPLUS PRODUCTION BEYOND THE PROPOSED U.S. QUOTA, FOR SALE AS FRESH MUSHROOMS IN CANADA AND OTHER MARKETS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SAN JO 00171 122148Z

5. THE EMBASSY IS POUCHING A COPY OF THE COSTA RICAN NOTE.
KILDAY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MUSHROOMS, TARIFFS, IMPORT QUOTAS
Control Number: n/a
Copy: SINGLE
Sent Date: 12-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SANJO00171
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770012-0636
Format: TEL
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770159/aaaabzew.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ba5570da-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 310542
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 11-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3614945
Secure: OPEN
Status: NATIVE
Subject: MUSHROOM QUOTAS
TAGS: EPAP, ETRD, CS, US
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/ba5570da-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009